



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0530	Title:	Revise biodiesel laws
Primary Sponsor:	Brueggeman, John	Status:	As Introduced

- | | | |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
State Special Revenue	(\$848,616)	(\$1,697,232)	(\$1,697,232)	(\$1,697,232)
Net Impact-General Fund Balance	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Description of fiscal impact: The Department of Transportation would experience a loss of revenues due to allowing farmers and the general public to produce non-taxed biodiesel to be used where fuel taxes are currently assessed.

FISCAL ANALYSIS

Assumptions:

Department of Transportation

1. In 2006, the USDA estimates that Montana has 28,100 farms. It is assumed that ten percent (10%) or 2,810 of Montana's farms will produce biodiesel for their own use.
2. Farmers who produce biodiesel are assumed to also use biodiesel for personal on-road use.
3. In addition to the farm population, one tenth of one percent of a Montana's population will produce biodiesel for personal use for a total of 912 individuals $((940,000 - 28,100) \times .001 = 912)$.
4. The total individuals producing biodiesel for their consumption would be 3,722. $(2,810 + 912)$.
5. The maximum 1,600 gallons will be used on road by each producer $(4 \times 400 \text{ gallons per quarter} = 1,600)$.
6. Tax revenue loss per year = \$1,652,568 $(3,722 \times 1,600 \times .2775 = \$1,652,568)$.
7. Because the bill is effective January 1, 2008, the FY 2008 impact is divided in half.

Department of Environmental Quality

8. Based upon the same assumptions, the Petroleum Tank Release Compensation Board would have decreased revenue of \$44,664 per year. Funding for the board and the cleanup of leaking tanks comes from the \$0.0075 per gallon petroleum storage cleanup fee. $(3,722 \times 1,600 \times \$0.0075 = \$44,664)$
9. Presently, all diesel fuel used off-road is subjected to the petroleum clean-up fee of \$.0075 per gallon. There is no way to estimate the total amount of revenue lost to the petroleum clean-up fee for the gallons produced for off-road use.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
Department of Transportation				
<u>Revenues:</u>				
State Special Revenue (02)	(\$826,284)	(\$1,652,568)	(\$1,652,568)	(\$1,652,568)
Department of Environmental Quality				
<u>Revenues:</u>				
State Special Revenue (02)	(\$22,332)	(\$44,664)	(\$44,664)	(\$44,664)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	(\$848,616)	(\$1,697,232)	(\$1,697,232)	(\$1,697,232)

Technical Notes:

1. The bill is not specific when a producer produces over 400 gallons in a quarter as to whether the total amount of biodiesel gallons are taxable or just the portion over 400 gallons.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date